

ITEM NUMBER: C 61/03/15

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 19 MARCH 2015

MC 29/03/15 PROPOSED LEASE OF THE OLD GRANARY BUILDING LOCATED ON ERVEN 4947, 4948, 4949 AND 4950, BUITENKANT STREET, CAPE TOWN TO THE DESMOND AND LEAH TUTU LEGACY FOUNDATION FOR USE AS A PEACE CENTRE

It is **RECOMMENDED** that the lease of City land being Erven 4947, 4948, 4949 and 4950 Cape Town, situated at 11 Buitenkant Street, Cape Town as shown lettered ABCD on Plan LIS 1124v0 attached as Annexure A to the report on the agenda, in extent 2 031 m², to the Desmond and Leah Tutu Legacy Foundation (NPC Reg No. 2011/136635/08 and PBO No. 930038821), be approved, subject *inter alia* to the following conditions, that:

- (a) a tariff rental of R701 ,75 per annum excluding VAT be payable;
- (b) the rental will be adjusted annually in terms of the rental tariff structure as approved by Council;
- (c) rates and municipal service charges be levied;
- (d) the lease will endure for a period of 40 years;
- (e) the land be leased to the Desmond and Leah Tutu Legacy Foundation for use as a peace centre only (the main functions of which are listed as the development and management of partnerships and legacy-promoting programmes that contribute to the positioning of Cape Town as a world capital for the intellectual and practical pursuit of local and global peace, morality and human dignity) comprising offices for the Desmond and Leah Tutu Legacy Foundation, space for training in peace and leadership, a museum, a library, a conference facility with supportive and/or ancillary uses as well as like-minded uses subsidiary thereto;
- (f) the lease shall be notarially registered by the lessee in accordance with the provisions of section 3(1)(p) of the Deeds Registries Act, Act;
- (g) the lessee will be required to maintain the leased premises at its own cost for the duration of the lease. In this regard a five-year maintenance plan will need to be submitted to the City for approval and an annual report on progress with the maintenance plan must also be submitted;
- (h) any subleasing of portions of the building will be subject to the consent of the lessor;

- (i) any future work on the heritage portion of the building will require the appointment of a professional conservation architect;
- (j) subject to such further conditions to be imposed by the Director: Property Management in terms of her delegated authority;
- (k) subject to compliance with any other statutory requirements.

IPAC 12/02/2015 PROPOSED LEASE OF THE OLD GRANARY BUILDING LOCATED ON
ERVEN 4947, 4948, 4949 AND 4950, BUITENKANT STREET, CAPE
TOWN TO THE DESMOND AND LEAH TUTU LEGACY FOUNDATION
MC 29/03/15 FOR USE AS A PEACE CENTRE

ISIPHAKAMISO SOKUQESHISWA KWESAKHIWO I- OLD GRANARY
ESIKWIZIZA-4947, 4948, 4949 NO-4950, E-BUITENKANT STREET,
EKAPA KWABE-DESMOND AND LEAH TUTU LEGACY FOUNDATION
UKUZE SISETYENZISELWE NJENGEZEZIKO LEZOXOLO

VOORGESTELDE VERHURING VAN DIE OU GRAANSKUURGEBOU
GELEË OP ERF 4947, 4948, 4949 EN 4950, BUITENKANTSTRAAT,
KAAPSTAD, AAN DIE DESMOND EN LEAH TUTU-
NALATENSKAPSTIGTING VIR GEBRUIK AS 'N VREDESENTRUM

The committee noted that the word "building" under Recommendation (e) in
the report be replaced by the word "Land".

Property Management representative was present to answer any question
for clarity

RECOMMENDATIONS

Not delegated: for decision by Council:

It is recommended that the lease of City land being erven 4947, 4948, 4949
and 4950 Cape Town, situated at 11 Buitenkant Street, Cape Town as
shown lettered ABCD on the plan LIS 1124v0 attached as Annexure A, in
extent 2 031 m², to the Desmond and Leah Tutu Legacy Foundation (NPC
Reg No. 2011/136635/08 and PBO No. 930038821), be approved subject
inter alia to the following conditions that;

- a) A tariff rental of R701,75 per annum excluding VAT be payable;
- b) The rental will be adjusted annually in terms of the rental tariff
structure as approved by Council;
- c) Rates and municipal service charges be levied;
- d) The lease will endure for a period of 40 years;
- e) The land be leased to the Desmond and Leah Tutu Legacy
Foundation for use as a peace centre only (the main functions of
which are listed as the development and management of
partnerships and legacy-promoting programmes that contribute to the
positioning of Cape Town as a world capital for the intellectual and
practical pursuit of local and global peace, morality and human
dignity) comprising offices for the Desmond and Leah Tutu Legacy
Foundation, space for training in peace and leadership, a museum, a
library, a conference facility with supportive and/or ancillary uses as
well as like-minded uses subsidiary thereto;



- f) The lease shall be notarially registered by the lessee in accordance with the provisions of section 3(1)(p) of the Deeds Registries Act, Act 47 of 1937;
- g) The lessee will be required to maintain the leased premises at its own cost for the duration of the lease. In this regard a five-year maintenance plan will need to be submitted to the City for approval and an annual report on progress with the maintenance plan must also be submitted;
- h) Any subleasing of portions of the building will be subject to the consent of the lessor;
- i) Any future work on the heritage portion of the building will require the appointment of a professional conservation architect;
- j) Subject to such further conditions to be imposed by the Director: Property Management in terms of her delegated authority;
- k) Subject to compliance with any other statutory requirements.

IZINDULULO

Azigunyaziswanga: isigqibo seseBhunga:

Kundululwe ukuba makuphunyezwe uqeshiso lomhlaba weSixeko, oziziza-4947, 4948, 4949 no-4950, eKapa, ezikwa 11 Buitenkant Street, eKapa, njengoko kubonakalisiwe ngoonobumba abakhulu u-ABCD kwiplani engu-LIS 1124v0, eqhotyoshelwe kwisihlomelo-A, esibukhulu obumalunga nama-2 031 m², kwabakwa- Desmond and Leah Tutu Legacy Foundation (NPC Reg No. 2011/136635/08 and PBO No. 930038821), ngokuxhomekeke ekuthotelweni ilandelayo yokuba:

- a) Makuhlululwe ixabiso larenti ngonyaka elingama-R701,75 (ngaphandle kweRhafu-ntengo);
- b) Irenti iyakuthi ilungelelaniswe rhoqo ngonyaka ngokungqinelana nesakheko samaxabiso njengoko siphunyezwe liBhunga;
- c) Makuhlululwe iirhafu neentlawulo zikamasipala;
- d) Uqeshiso olu luyakuthi luqhubekeke isithuba seminyaka engama-40;
- e) Umhlaba masiqeshiselwe abe-Desmond and Leah Tutu Legacy Foundation ukuze sisetyenziselwe iziko loxolo kuphela (apho imisebenzi ephambili idweliswe njengeyophuhliso nolawulo lezobuhlakani neenkqubo ezikhuthaza okulilifa ezithi zibenegalelo ekubekeni iKapa njengekomkhulu lehlabathi lezobungcali nelinemigudu ebonakalayo yezoxolo lwengingqi nelehlabathi, indlela yokuziphatha eyamkekileyo nesidima soluntu) liquathe ii-ofisi zabe-Desmond and Leah Tutu Legacy Foundation, indawo yoqeqesho kwezoxolo nezobunkokheli, imuziyam, ithala leencwadi, indawo yokuchotshelelwa kwenkomfa eneendawo zokusetyenziselwa

- f) Uqeshiso kufuneka libhaliswe ngumqeshiselwa ngokungqinelana nemimiselo yecandelo-3(1)(p) loMthetho wokuBhaliswa kwezigqibo zentengiselwano ongunomb.47 wangowe-1937;
- g) Umqeshiselwa kuyakufuneka anonophele izakhiwo eziqeshisiweyo ngeendleko zakhe kwisithuba sokuqhubeka koqeshiso; Ngokuphathelene noku, kufuneka kungeniswe isicwangciso sezononophelo seminyaka emihlanu kwiSixeko ukuze siphunyezwe kwakhona kungeniswe ingxelo yonyaka engenqubela-phambili ngokumalunga nesicwangciso sononophelo eso;
- h) Naziphina iziqephu zomhlaba wesakhiwo eziphantsi kwezinye eziqeshiselweyo, ziyakuthi zixhomekeke kwimvume yomqeshisi;
- i) Nawuphina umsebenzi wexesha elizayo kwisiqephu sesakhiwo esililifa luyakuthi lufune ukuchongwa kwengcali engumyili kwezendalo;
- j) Ngokuxhomekeke kwimiqathango engeminye eyakuthi inyanzeliswe nguMlawuli woLawulo lwePropati esebenzisa amagunya akhe awagunyazisiweyo;
- k) Ngokuxhomekeke ekuthotyelweni kwayo nayiphina imimiselo engeminye yomthetho;

AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad:

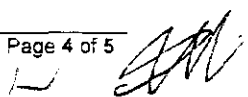
Daar word aanbeveel dat die verhuring van stadsgrond, naamlik erf 4947, 4948, 4949 en 4950, Kaapstad, geleë te Buitenkantstraat 11, Kaapstad, soos aangetoon met die letters ABCD op plan LIS 1124v0, aangeheg as Bylae A, 2 031m² groot, aan die Desmond en Leah Tutu-nalatenskapstigting (NPC Reg No. 2011/136635/08 and PBO No. 930038821) goedgekeur word onderworpe onder andere aan die volgende voorwaardes dat:

- a) 'n Jaarlikse tariefhuurbedrag van R701,75 (BTW uitgesluit) betaalbaar is;
- b) Die huurbedrag jaarliks aangepas sal word volgens die huurtariefstruktuur wat die Raad goedgekeur;
- c) Eiendomsbelasting en munisipale gelde gehef word;
- d) Die huurooreenkoms vir 'n tydperk van 40 jaar sal duur;
- e) Die grond aan die Desmond en Leah Tutu-nalatenskapstigting verhuur word vir gebruik slegs as 'n vredesentrum (waarvan die hoof funksies gelys word as die ontwikkeling en bestuur van vennootskappe en nalatenskapsbevorderingsprogramme wat bydra tot die vestiging van Kaapstad as 'n wêreldhoofstad vir die intellektuele en praktiese najaag van vrede, moraliteit en menslike waardigheid op plaaslike en wêreldwye gebied) bestaande uit


kantore vir die Desmond en Leah Tutu-nalatenskapstigting, ruimte vir opleiding in vrede en leierskap, 'n museum, 'n biblioteek, 'n konferensiefasiliteit met steun- en/of hulpgebruike asook soortgelyke ondergeskikte gebruike wat daarmee verband hou;

- f) Die huurooreenkoms notarieel deur die huurder geregistreer sal word in ooreenstemming met die bepalings van artikel 3(1)(p) van die Registrasie van Aktes Wet, Wet 47 van 1937;
- g) Daar van die huurder vereis sal word om die verhuurde perseel op eie onkoste vir die duur van die huurdyperk in stand te hou. In hierdie verband moet 'n vyfjaar-instandhoudingsplan by die Stad vir goedkeuring ingedien word en 'n jaarlikse verslag oor vordering met die instandhoudingsplan moet ook ingedien word;
- h) Enige onderverhuring van gedeeltes van die gebou onderworpe sal wees aan die vergunning van die verhuurder;
- i) Enige toekomstige werk aan die erfenisgedeelte van die gebou die aanstelling van 'n professionele bewaringsargitek sal vereis;
- j) Onderworpe aan sodanige verdere voorwaardes wat die direkteur eiendomsbestuur ingevolge haar gedelegeerde bevoegdheid oplê;
- k) Onderworpe aan die nakoming van enige ander statutêre vereistes.

ACTION: M SIMS; R GELDERBLOEM



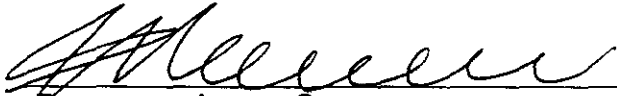
It is noted that this resolution is in line with Supply Chain Management Policy.



MR RICHARD WOOTTON
EMPLOYEE No: 10207948
CHAIRPERSON : IMMOVABLE PROPERTY
ADJUDICATION COMMITTEE

DATE: 20/2/15

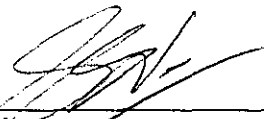
COMMENT:



DIRECTOR : LEGAL SERVICES
MR LUNGEL0 MBANDAZAYO

DATE: 25/02/15

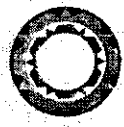
COMMENT:



ALDERMAN IAN NELSON
MAYORAL COMMITTEE MEMBER : FINANCE

DATE: 25/2/15

COMMENT:



REPORT TO IMMOVABLE PROPERTY ADJUDICATION COMMITTEE

DATE: 2015-02-16

1. ITEM NUMBER :

2. SUBJECT

PROPOSED LEASE OF THE OLD GRANARY BUILDING LOCATED ON ERVEN 4947, 494B, 4949 AND 4950, BUITENKANT STREET, CAPE TOWN TO THE DESMOND AND LEAH TUTU LEGACY FOUNDATION FOR USE AS A PEACE CENTRE

ONDERWERP

VOORGESTELDE VERHURING VAN DIE OU GRAANSKURGEBOU GELEË OP ERF 4947, 4948, 4949 EN 4950, BUITENKANTSTRAAT, KAAPSTAD, AAN DIE DESMOND EN LEAH TUTU-NALATENSKAPSTIGTING VIR GEBRUIK AS 'N VREDESENTRUM

ISIHLOKO

ISIPHAKAMISO SOKUQESHISWA KWESAKHIWO I- OLD GRANARY ESIKWIZIZA-4947, 4948, 4949 NO-4950, E-BUITENKANT STREET, EKAPA KWABE-DESMOND AND LEAH TUTU LEGACY FOUNDATION UKUZE SISETYENZISELWE NJENGEZEZIKO LEZOXOLO

PROP HO 14/2/2/1/2/215/A00 V(4)
(Category 3)

3. STRATEGIC INTENT

SFA 1: an OPPORTUNITY CITY

Objective 1.5	Leverage the City's assets to drive economic growth and sustainable development
Programme 1.5(a)	City strategic assets investigation

4. PURPOSE

This report is being submitted in order to consider the proposed lease of the Granary Building located on erven 4947, 4948, 4949 and 4950 Buitenkant Street, Cape Town, approximately 2 030m² in extent and zoned mixed use, to The Desmond and Leah Tutu Legacy Foundation for use as a peace centre.

5. FOR DECISION BY

This report is for consideration by

- the Immovable Property Adjudication Committee (IPAC)
- the Executive Mayor together with the Mayoral Committee
- Council

6. EXECUTIVE SUMMARY

PURPOSE OF REPORT	The purpose of this report is to seek approval for the proposed lease of the Granary Building to The Desmond and Leah Tutu Legacy Foundation for use as a peace centre		
Property description	Erven 4947, 4948, 4949 and Cape Town situated at 11 Buitenkant Street, Cape Town		
Applicant	The Desmond and Leah Tutu Legacy Foundation		
Site extent	2 031 m ²		
Current zoning	Mixed Use		
Current usage	Vacant		
Proposed usage	Peace Centre		
Application description	Lease		
Submission date	10 October 2014		
Circulation date	10 October 2014		
Comments	No objections received		
Public participation outcome summary	No objections received		
WARD Cllr Dave Bryant	NOTICE	DATE 13 October 2014	WARD 77

Viabile	Yes	X	No	
Recommended decision	Approval	X	Refusal	
Regulation 34(1) In-principle approval	Granted by the Director: Property Management in terms of delegated authority Part 27 (24(7)).			

7. RECOMMENDATIONS

Not delegated: for decision by Council:

It is recommended that the lease of City land being erven 4947, 4948, 4949 and 4950 Cape Town, situated at 11 Buitenkant Street, Cape Town as shown lettered ABCD on the plan LIS 1124v0 attached as **Annexure A**, in extent 2 031 m², to the Desmond and Leah Tutu Legacy Foundation (NPC Reg No. 2011/136635/08 and PBO No. 930038821), be approved subject inter alia to the following conditions that:

- a) A tariff rental of R701,75 per annum excluding VAT be payable;
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and an annual report on progress with the maintenance plan must also be submitted;

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- k) Subject to compliance with any other statutory requirements.

AANBEVELINGS

Nie gedeleger nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat die verhuring van stadsgrond, naamlik erf 4947, 4948, 4949 en 4950, Kaapstad, geleë te Buitenkantstraat 11, Kaapstad, soos aangetoon met die letters ABCD op plan LIS 1124v0, aangeheg as Bylae A, 2 031m² groot, aan die Desmond en Leah Tutu-nalatenskapstigting (NPC Reg No. 2011/136635/08 and PBO No. 930038821) goedgekeur word onderworpe onder andere aan die volgende voorwaardes dat:

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- b) Die huurbedrag jaarliks aangepas sal word volgens die huurtariefstruktuur wat die Raad goedgekeur;
- c) Eiendomsbelasting en munisipale gelde gehef word;
- d) Die huurooreenkoms vir 'n tydperk van 40 jaar sal duur;
- e) Die gebou aan die Desmond en Leah Tutu-nalatenskapstigting verhuur word vir gebruik slegs as 'n vredesentrum (waarvan die hoof funksies gelys word as die ontwikkeling en bestuur van vennootskappe en nalatenskapsbevorderingsprogramme wat bydra tot die vestiging van Kaapstad as 'n wêreldhoofstad vir die intellektuele en praktiese najaag van vrede, moraliteit en menslike waardigheid op plaaslike en wêreldwye gebied) bestaande uit kantore vir die Desmond en Leah Tutu-nalatenskapstigting, ruimte vir opleiding in vrede en leierskap, 'n museum, 'n biblioteek, 'n konferensiefasiliteit met steun- en/of hulpgebruike asook soortgelyke ondergeskikte gebruike wat daarmee verband hou;

- f) Die huurooreenkoms notarieel deur die huurder geregistreer sal word in ooreenstemming met die bepalings van artikel 3(1)(p) van die Registrasie van Aktes Wet, Wet 47 van 1937;
- g) Daar van die huurder vereis sal word om die verhuurde perseel op eie onkoste vir die duur van die huurtydperk in stand te hou. In hierdie verband moet 'n vyfjaar-instandhoudingsplan by die Stad vir goedkeuring ingedien word en 'n jaarlikse verslag oor vordering met die instandhoudingsplan moet ook ingedien word;
- h) Enige onderverhuring van gedeeltes van die gebou onderworpe sal wees aan die vergunning van die verhuurder;
- i) Enige toekomstige werk aan die erfenisgedeelte van die gebou die aanstelling van 'n professionele bewaringsargitek sal vereis;
- j) Onderworpe aan sodanige verdere voorwaardes wat die direkteur: eiendomsbestuur ingevolge haar gedelegeerde bevoegdheid oplê;
- k) Onderworpe aan die nakoming van enige ander statutêre vereistes.

IZINDULULO

Azigunyaziswanga: isigaibo seseBhunga:

Kundululwe ukuba makuphunyezwe uqeshiso lomhlaba weSixeko, oziziza-4947, 4948, 4949 no-4950, eKapa, ezikwa 11 Buitenkant Street, eKapa, njengoko kubonakalisiwe ngoonobumba abakhulu u-ABCD kwiplani engu-LIS 1124v0, eqhotyoshelwe kwisihlomelo-A, esibukhulu obumalunga nama-2 031 m², kwabakwa- Desmond and Leah Tutu Legacy Foundation (NPC Reg No. 2011/136635/08 and PBO No. 930038821), ngokuxhomekeke ekuthotyelweni ilandelayo yokuba:

- a) Makuhlawulwe ixabiso larenti ngonyaka elingama-R701,75 (ngaphandle kweRhafu-ntengo);
- b) Irenti iyakuthi ilungelelaniswe rhoqo ngonyaka ngokungqinelana nesakheko samaxabiso njengoko siphunyezwe liBhunga;
- c) Makuhlawulwe iirhafu neentlawulo zikamasipala;
- d) Uqeshiso olu luyakuthi luqhubekeke isithuba seminyaka engama-40;

- e) Isakhiwo masiqeshiseiwe abe-Desmond and Leah Tutu Legacy Foundation ukuze sisetyenziselwe iziko loxolo kuphela (apho imisebenzi ephambili idweliswe njengeyophuhliso nolawulo lezobuhlakani neenkqubo ezikhuthaza okulilifa ezithi zibenegalelo ekubekeni iKapa njengekomkhulu lehlabathi lezobungcali nelinemigudu ebonakalayo yezoxolo lwengingqi nelehlabathi, indlela yokuziphatha eyamkelekileyo nesidima soluntu) liqulathe ii-ofisi zabe-Desmond and Leah Tutu Legacy Foundation, indawo yoqeqesho kwezoxolo nezobunkokhele, imuziyam, ithala leencwadi, indawo yokuchotshelwa kwenkomfa eneendawo zokusetyenziselwa inkxaso yoko neziphantsi kwazo;
- f) Uqeshiso kufuneka libhaliswe ngumqeshiselwa ngokungqinelana nemimiselo yecandelo-3(1)(p) loMthetho wokuBhaliswa kwezigqibo zentengiselwano ongunomb.47 wangowe-1937;
- g) Umqeshiselwa kuyakufuneka anonophele izakhiwo eziqeshisiweyo ngeendleko zakhe kwisithuba sokuqhubeka koqeshiso; Ngokuphathelele noku, kufuneka kungeniswe isicwangciso sezonoophelo seminyaka emihlanu kwiSixeko ukuze siphunyezwe kwakhona kungeniswe ingxelo yonyaka engenqubela-phambili ngokumalunga nesicwangciso sononophelo eso;
- h) Naziphina iziqephu zomhlaba wesakhiwo eziphantsi kwezinye eziqeshiselweyo , ziyakuthi zixhomekeke kwimvume yomqeshisi;
- i) Nawuphina umsebenzi wexesha elizayo kwisiziqephu sesakhiwo esililifa luyakuthi lufune ukuchongwa kwengcali engumyili kwezendalo;
- j) Ngokuxhomekeke kwimiqathango engeminye eyakuthi inyanzeliswe nguMlawuli woLawulo lwePropati esebenzisa amagunya akhe awagunyazisiweyo;
- k) Ngokuxhomekeke ekuthotyelweni kwayo nayiphina imimiselo engeminye yomthetho;

8. DISCUSSION/CONTENTS

8.1 BACKGROUND:

In 2006 the City leased a portion of Erf 155338 Cape Town, in extent approximately 3500m² which is located opposite the CTICC building on Coen Steytler Avenue, to the Desmond Tutu Peace Trust (DTPT) for a period of 50 years with the intention of the Trust developing a Peace Centre on the land which would house a fully operational and sustainable facility, including office accommodation, a

conference facility, library and a place for prayers and exhibits. However, the project has proved too costly to implement and the project stalled. The Desmond Tutu Peace Trust is currently in the process of being wound up and replaced by the Desmond and Leah Tutu Legacy Foundation (D<LF), which will be taking over the functions of The Desmond Tutu Peace Trust.

It is suggested that the proposed Desmond Tutu Peace Centre would fit better in the Granary Building, which is an important public asset and as such, it is essential that the building has a public/social function, to the benefit of the City and the community. The D<LF's main functions are listed as, to develop and manage partnerships and legacy-promoting programmes as well as contributing to the positioning of Cape Town as a world capital for the intellectual and practical pursuit of local and global peace, morality and human dignity.

The lease to the DTPT of Erf 155338 has subsequently been cancelled by mutual consent between the City and the Trust.

The Granary Building is recognized by heritage experts as being one of the most significant architectural landmarks in the City of Cape Town. The site is located within the Central City declared Urban Conservation Area and in terms of Section 7 of the Heritage Resources Act the Old Granary complex is deemed to be at least of Provincial (Grade 2) significance. The property has been vacant for over five years which have left it prone to vandalism. The current state of disrepair and neglect must be addressed so as to restore it to its full historical significance.

There have been three unsuccessful attempts to address the problems of the Granary Building over the past ten years. Unfortunately the first leaseholders had little if any experience in the complexities of restoring and managing a building complex of this nature. While the second was driven by the Cape Town Heritage Trust, which has a proven track record in the restoration and management of heritage properties, the trust struggled to raise the money required for the restoration of the building and eventually withdrew from the project. The last attempt was by UCT in their quest to convert the Granary Building into a Graduate School of Development Policy and Practice (GSDPP) in collaboration with the Bandwidth Barn IT incubator. This proposal was also not successful as support from UCT's management was withdrawn.

Due to the historic nature of this building and to prevent any further degradation of the building, it was considered prudent that the

building be restored by the City. A conditional assessment to determine the state of the building structure was therefore undertaken in August 2013 to determine what refurbishment work is required. The assessment concluded that the building is severely dilapidated and is therefore not safe for use, but could be restored. The building needs to be restored through rehabilitating walls, roofs and the building envelope as well as replacing unsafe and structurally deficient timber structures.

A project to refurbish the building is currently underway and the tender for the appointment of the Professional team for the refurbishment of the building has been completed and a preferred bidder approved by the Supply Chain Management Bid Adjudication Committee at its meeting on the 19th December 2014. The successful tenderer will commence its work during the first quarter of 2015.

An amount of R29,14 million has been provided for in the 2015/16 Capital Budget, to be confirmed in the Adjustment Budget in January 2015, and the draft 2015/16 budget to be tabled in March 2015. The final budget provision will however be subject to the outcome of the professional work and the tender prices received for the construction component of the project.

Section 14 of Annexure C of the Policy on the Management of Council's Immovable Property, promulgated on 3 February 2006, provides that *"Viable property may be let out-of-hand in exceptional circumstances where the Council is of the opinion that public competition would not serve a useful purpose or that it is in the interest of the community and the Council..."*. In the case of this proposal to lease the Granary Building to the Desmond and Leah Tutu Legacy Foundation, it is considered to be in the interest of the community and council as the proposed use of the building for a peace centre to house the Desmond and Leah Tutu Legacy Foundation will be extremely beneficial for the City as it's main functions are to develop and manage partnerships and legacy-promoting programmes as well as contributing to the positioning of Cape Town as a world capital for the intellectual and practical pursuit of local and global peace, morality and human dignity.

In the initial report to Council on 25 September 2014 (Item C 33/09/14), Council resolved that the City Manager be authorised to conduct the public participation process with regard to the proposed granting of rights to use, control or manage the said property. This approval was based on Regulation 34 (3) (a) of the Municipal Asset Transfer Regulations (MATR) as the said property was

motivated as being a high value asset. This report to Council was based on the rates valuation of R11.5 million. Subsequent valuation has determined that the value of the asset is in fact R8 750 000 due to the substantially degraded condition of the property. The property is therefore not considered a High Value Asset and the Director: Property Management has therefore authorised the In-principle approval to lease in terms of Regulation 34 (1) and in terms of her delegated authority Part 27 (24(7)).

It is therefore proposed that the Granary Building which is considered more appropriate for the establishment of a peace centre be leased to the Desmond and Leah Tutu Legacy Foundation.

A report went to Subcouncil 16 on 16 February 2015 and the Subcouncil has unanimously resolved to support the recommendation with their further comments as indicated by the minutes attached to the report marked as Annexure "B".

8.2 FACTORS MOTIVATING RECOMMENDATION:

- 8.2.1 The leasing of the land will relieve Council of the maintenance burden.
- 8.2.2 A tariff related rental income will be generated.
- 8.2.3 Better utilization of City land.

8.3 PUBLIC PARTICIPATION

Advertising	Cape Times & Burger	10 October 2014
	Prov & Nat Treasury	13 October 2014
	Notices to adj owners	13 October 2014
	Ward councillor	13 October 2014
	Subcouncil Chair & Manager	13 October 2014
Outcome	Objections	No
	Ward Councillor's support	Yes

8.4 VALUATION

- 8.4.1 The application category fits within the tariff structure of the City approved on 28 May 2014 at the Desmond & Leah Tutu

Legacy Foundation is a registered NPC Reg No. 2011/136635/08 and PBO No. 930038821;

8.4.2 An annual rental tariff of R701,75 per annum excluding VAT subject to increase in accordance with the City's tariff structure as approved by Council and as may be amended from time to time, will be payable.

8.4.3 Market value of the property is considered to be R 8 750 000.

8.5 VAT

VAT will be levied at the standard rate.

8.6 BLACK ECONOMIC EMPOWERMENT (BEE) STATUS

The Lessee is from a previously disadvantaged group.

8.7 CONSTITUTIONAL AND POLICY IMPLICATIONS

8.7.1 Council's By-Law (LA 12783) relating to the Management and Administration of the City of Cape Town's Immovable Property as published on 28 February 2003 (Section 4) allows the leasing of immovable property.

8.7.2 Chapter C of Council's policy relating to the Management of certain of the City of Cape Town's Immovable Property (approved 26 August 2010), permits the leasing of immovable property;

8.7.3 Policy on the management of Council's Immovable Property, approved 20 June 2005 (MC 29/06/05) , amended 19 October 2005 (MC 31/10/05), promulgated 3 February 2006 (PG 6340: LA 32323).

8.8 FINANCIAL IMPLICATIONS

All costs involved in this transaction will be for the Applicant's account.

8.9 TAX COMPLIANCE

In terms of the City's Supply Chain Management Policy, approved by Council on 31 July 2013, paragraph 85 stipulates "Irrespective of the procurement process, the City may not make any award above

R15 000,00 to a person whose tax matters have not been declared by the SARS to be in order".

Paragraphs 359 - 361 of the aforementioned policy deal with the sale and letting of City owned immovable property and are silent on the SARS requirement. Property Management adopted the principle as per paragraph 85 above and applicants need to submit a SARS clearance or exemption certificate for the sale of all City owned immovable property. Except for tariff based rentals, which does not exceed R15 000,00 all applicants needs to submit an SARS clearance or exemption certificate for the leasing of City owned immovable property.

This transaction is tariff based and as such the requirements for a SARS clearance or exemption certificate is not applicable.

8.10 FINANCIAL DUE DILIGENCE

The applicant's debt profile has been verified and it is confirmed that they are not in arrears.

8.11 SUSTAINABILITY IMPLICATIONS

Does the activity in this report have any sustainability implications for the City?	No x	Yes <input type="checkbox"/>
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8.12 LEGAL IMPLICATIONS

Regulation 36 of the MATR

In terms of the above Regulation, Council must take into account a number of factors (highlighted in bold) when considering any proposed granting of rights to use, control or manage municipal capital assets, and it is herewith confirmed that:

Whether asset may be required for the municipality's own use during the period for which the right is to be granted.

Council's service branches confirmed that the asset is not required for own purposes.

Extent to which any compensation to be received, estimated value of improvements or enhancements to party the right is granted to will be required to make, economic or financial benefit to the City.



Council will receive a financial benefit in the form of a tariff rental to the amount of R701,75 per annum excluding VAT of 14%, being R98,25 (in total – R800,00) as well as rates and taxes.

Management of risk

No operational or control risk to the City.

Stakeholder comments and recommendations

Council has approved the public participation process as required, resulting in the proposed lease being advertised in the Cape Times and Die Burger on 10 October 2014. Closing dates for objections were 10 November 2014. Copies of the advertisement were sent to the Ward Councillor, Manager and Chairperson of the relevant Sub-Council and registered local community organisations and no objections were received.

Views from National and Provincial Treasury

In terms of Regulation 34 of the MATR the subject property falls within the category of a capital asset in respect of which the proposed right to be granted has a value less than R10 million and a period exceeding 3 years (Non-Significant Property Right). National and Provincial Treasury have been notified and no objections were received.

Strategic, legal and economic interests

None of these interests will be compromised through the granting of the right to use, control or manage the asset. In fact they will be supported.

Compliance with legislative regime that is applicable to proposed transfer or disposal

Granting of the right to use, control or manage the asset is compliant with the Municipal Finance Management Act, Municipal Asset Transfer Regulations and Council's policy on the management of certain of the City of Cape Town's immovable property.

8.13 Staff Implications

Does your report impact on staff resources, budget, grading, remuneration, allowances designations, job description, location or your organisational structure? No Yes

8.14 Risk Implications

None

ANNEXURES

Annexure A: Plan LIS1124v0
Annexure B: Subcouncil Minutes

FOR FURTHER DETAILS CONTACT:

~~11/2/15~~

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SIGNATURE : DIRECTOR	<i>Kevin Jacoby</i> 2015-02-16	



Comment:

CHIEF FINANCIAL OFFICER
[Kevin Jacoby]

NAME _____

DATE 17.02.2015



Syl

LEGAL COMPLIANCE

REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

NON-COMPLIANT

NAME Sarah van Zyl

TEL 021 400 5446

DATE 17.02.2015

Comment:

Certified as legally compliant:
based on the contents of the report *SC*